GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4971
ANSWERED ON:16.12.2016
Automatic Exchange of Information
Chavan Shri Ashok Shankarrao;Gaikwad Dr. Sunil Baliram;Gupta Shri Sudheer;Kirtikar Shri Gajanan Chandrakant;Mahato Shri Bidyut Baran;Radhakrishnan Shri T.;S.R. Shri Vijay Kumar;Singh Shri Kunwar Haribansh

Will the Minister of FINANCE be pleased to state:

(a) whether India and Switzerland have signed an agreement for automatic exchange of information recently;

(b) if so, the details thereof along with the terms and conditions of the agreement;

(c) the time by which the said agreement is likely to come into force;

(d) the details of the countries with which the Government has signed similar agreement; and

(e) the further steps taken/being taken by the Government to check the menace of stashing India"s black money in other countries?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): India ratified Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) in June 2012 and has also signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA) based on Common Reporting Standards (CRS) on 3rd June, 2015. India and Switzerland signed the 'Joint Declaration' for implementation of Automatic Exchange of Information (AEOI) on the 22nd November, 2016. Through this Joint Declaration, both the jurisdictions intend to introduce on a reciprocal basis automatic exchange of financial account information between each other beginning in the year 2018 (first transmission of data in 2019). The Joint Declaration is subject to MAC being in force in each jurisdiction, signing of MCAA by both jurisdictions, notification of each other under section 7(1)(f) of the MCAA and adequate confidentiality and data safeguards in each jurisdiction.

(d): India has already signed the MCAA and has under section 7(1)(f) of MCAA conveyed to the Coordinating Body its list of intended exchange partners which includes all the signatories of MCAA.

(e): The Government has taken several steps to effectively tackle the issue of black money, particularly black money stashed in other countries. Such measures include policy-level initiatives, more effective enforcement action on the ground, putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Recent major initiatives in this regard include − (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Enactment of a comprehensive law −'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' which has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad, (iii) Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for investigation of recent revelations in Panama paper leaks,(iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions including prosecutions in appropriate cases, (vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest for credible deterrence against tax evasion/black money, (vii) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA), (viii) Renegotiation of DTAAs with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs and TIEAs with many jurisdictions to facilitate the exchange of information and to bring transparency, (ix) Enabling attachment and confiscation of property equivalent in value held within the country where the property/proceeds of crime is taken or held outside the country by amending the Prevention of Money-laundering Act, 2002 through the Finance Act, 2015, (x) Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and provide for prosecution, (xi) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information.
***